



## SERVICE CREDIT PURCHASE FORM

State Form 34865 (R/1-02)  
Approved by State Board of Accounts 2002

### Indiana State Teachers' Retirement Fund

150 West Market Street, Suite 300  
Indianapolis, IN 46204-2809  
Telephone: (317) 232-3860 / (888) 286-3544  
Home page: <http://www.in.gov/trf>

#### (PRIVACY NOTICE)

Your Social Security number is being requested by this agency pursuant to the requirements of IRS Code 3405. This disclosure is mandatory and this form will not be processed without this information.

First Name	Middle Initial	Last Name	TRF Account Number
Street Address (number, street, or rural route)			Social Security Number
City	State	Zip Code	Telephone Number

### **PART I: TYPE OF SERVICE AND RESTRICTIONS**

Active members may purchase credit for any of the following types of service if the listed requirements are satisfied. Please indicate the type of service you wish to purchase.

Out-of-State Service. A member who served in another state in a comparable position which would be creditable service if performed in Indiana, is entitled to purchase credit for such service, provided the member (i) has at least one year of ISTRF creditable service; (ii) makes the required contribution (calculated by the ISTRF actuary) before the member retires; (iii) receives verification from ISTRF that the service is valid; and (iv) secures verification for ISTRF that those years are not used in any state or federal retirement system. Indiana law requires a member to have at least 10 years of in-state teaching service before the purchased out-of-state years can be claimed. This means that although you may purchase the out-of-state service before you have ten (10) years of in-state teaching service, the purchased service may not be used in calculating your benefits until the 10-year requirement is met. It is usually in the member's best interest to purchase credit as soon as possible, however, because the price can increase dramatically each year.

Private School Service. Effective July 1, 1998, a member who has service in Indiana in an accredited private school is entitled to purchase that service, provided the member (i) has at least 1 year of ISTRF creditable service before making the purchase, (ii) makes the required contribution (calculated by the ISTRF actuary) before the member retires; (iii) receives verification for ISTRF from the private school that the service occurred.

Substitute Teaching Service. A member who was previously a substitute teacher in Indiana, who was not covered by ISTRF when he/she was a substitute, may purchase credit for that service if the member: (i) has at least one year of ISTRF creditable service; (ii) makes the required contribution (calculated by the ISTRF) before the member retires; (iii) secures verification for ISTRF that the service occurred.

**Military Service Credit.** A member who served in the armed services of the United States which include: United States Army, Navy, Air Force, Marine Corps, Coast Guard are eligible to purchase up to two (2) years of prior military service.

This service may not be used in claiming a retirement or disability benefit until payment in full has been made and you have accumulated ten (10) years of service not including any purchased military or out-of-state service.

## **PART II: MAKING A CONTRIBUTION TO PURCHASE SERVICE CREDIT**

A member who is eligible to purchase credit for service may do so by delivering to ISTRF: (i) a cash contribution, subject to the limitations discussed in Part IIA; (ii) a qualifying rollover contribution, as discussed in Part IIB; or (iii) a combination of both a cash contribution and a qualifying rollover contribution.

**YOU MUST COMPLETE EITHER PART IIA OR PART IIB (OR BOTH, IF YOU ARE PURCHASING SERVICE USING BOTH CASH AND A ROLLOVER) TO PURCHASE THE REQUESTED SERVICE. YOU MUST ALSO COMPLETE PART III.**

### **PART IIA: MAKING A CASH CONTRIBUTION TO PURCHASE SERVICE CREDIT**

Section 415 of the Internal Revenue Code limits the amount of contributions, other than qualifying rollover contributions, a member of a qualified retirement plan can make to the plan for any given year. If a retirement plan meets certain statutory requirements, the plan qualifies for a number of tax advantages that exist for the benefit of members of the plan. The advantages of a “qualified” retirement plan include: (1) employer contributions to the plan are not included in the member’s current taxable income; (2) the interest generated by the member’s contributions under the plan accumulates on a tax-deferred basis; (3) certain distributions from the plan qualify for special tax treatment; and (4) certain distributions are eligible for transfer to another plan or IRA to avoid current taxation. If a member contributes an amount in excess of the limit imposed under Internal Revenue Code Section 415, the excess contributions jeopardize the member’s tax benefits. The table provided below enables you to calculate the maximum amount you may contribute in cash to purchase service credit under ISTRF without violating the limitations under Internal Revenue Code Section 415.

Using your projected gross compensation amount for the current calendar year, please complete the calculations shown in the following block. If you are purchasing service credit by making a cash contribution, please return this completed form with a personal check made payable to the Indiana State Teachers’ Retirement Fund for the appropriate amount for the year(s) of service credit you desire to purchase. The aggregate amount paid for the service credit you purchase cannot exceed the number shown on Line 6 of the chart below.

**415 LIMITATION CALCULATION APPLICABLE TO CASH CONTRIBUTIONS**  
**(Do not complete this section if purchasing service with a rollover contribution)**

1.	Projected Gross Compensation for calendar year .....	1	
2.	Maximum Limit \$30,000 .....	2	\$30,000
3.	Multiply the amount on Line 1 by 3% if your contribution is not picked-up by your School corporation. If it is picked-up, enter -0- .....	3	
4.	Subtract the amount on Line 3 from the amount on Line 2 .....	4	
5.	If any other service credit purchases in this calendar year, enter the amount contributed or paid here (do not include the amount of any qualifying rollover contribution). .....	5	
6.	Code Section 415 Limit – Subtract the amount on Line 5 from the amount on Line 4.	6	

The amount on Line 6 may represent the maximum amount of money a member may contribute in cash to the Indiana State Teachers' Retirement Fund for the calendar year to purchase service credit. If the amount on Line 6 is not large enough to allow you to purchase all the credit you want this year, you should contact ISTRF to see if a new federal law exception could change your limit. If the exception does not apply, you may (i) make a partial purchase or (ii) make a qualifying rollover contribution. ISTRF will confirm in writing whether the new exception does apply.

**PART IIB: MAKING A ROLLOVER CONTRIBUTION TO PURCHASE SERVICE CREDIT**

Any rollover contribution made to ISTRF must be a qualifying rollover contribution. A rollover contribution is a qualifying rollover contribution if it (i) does not exceed the amount required to purchase the service credit, and (ii) consists solely of cash received as a lump sum distribution from a former employer's qualified plan and earnings on the distribution, whether kept in the plan or in an IRA. Prior to purchasing service credit, contact ISTRF's Member Service Division with any questions concerning whether contribution satisfies the requirements for qualification. If a non-qualifying rollover contribution to ISTRF is made, a member jeopardizes the favorable tax treatment that member's contributions and ISTRF currently enjoy. ISTRF's Board of Trustees, therefore, requires the member to provide evidence that the plan from which the funds are disbursed is a qualified plan and to sign this form. ISTRF is a plan qualified under Section 401(a) of the Internal Revenue Code. The trustee, custodian or plan administrator of the retirement plan from which a member is to receive a rollover distribution should provide forms they will require to accomplish the rollover. In addition, a member may want to tell the prior plan or IRA that the rollover check must be made payable to the Indiana State Teachers' Retirement Fund, for benefit of [member's name]. The member and/or the member's prior plan or IRA trustee must deliver the check, this form and the original of the invoice to ISTRF.

If purchasing service credit by making a qualifying rollover contribution, please complete the rest of this form for the year(s) you desire to purchase and return this to the Indiana State Teachers' Retirement Fund.

**FORM APPLICABLE TO ROLLOVER CONTRIBUTIONS**

I hereby represent that \_\_\_\_\_ [insert plan/IRA name that is the source of the rollover] is an eligible retirement plan. The amount being rolled over also does not include any after-tax contributions. The rollover being made to the Indiana State Teachers' Retirement Fund for the benefit of \_\_\_\_\_ [insert your name] in the amount of \$\_\_\_\_\_ (note: this amount being rolled over is limited to the cost of the service your purchasing), is an eligible rollover distribution, as defined in Section 402(c)(4) of the Internal Revenue Code. (Note: you must complete your rollover within 60 days of any distribution you received from a qualified plan or a conduit IRA.)

I acknowledge that I have read and understand the rest of this form and that I will be liable for taxes and penalties due, if any, on the amount of any non-qualifying rollover contribution I make to the Indiana State Teachers' Retirement Fund. Furthermore, I release the administrator and trustees of the Indiana State Teachers' Retirement Fund from all liability related to the transfer or payment of any non-qualifying rollover contribution made by me or on my behalf.

SIGN AND  
DATE HERE

\_\_\_\_\_  
(Your signature)

\_\_\_\_\_  
(Date)

**PART III: AFFIRMATION**

I certify that I have completed and examined this form and to the best of my knowledge and belief the information that I have supplied herein is true, complete, and correct. I have attached a personal check in the amount of \$\_\_\_\_\_ and/or arranged for a qualifying rollover contribution in the amount of \$\_\_\_\_\_ to purchase \_\_\_\_\_ years (in full or half-year increments only) of service credit under the Indiana State Teachers' Retirement Fund ("ISTRF"). I have enclosed the original copy of the invoice (service credit assessment). I further certify that I have not, and will not, use any of the years of service credit I am purchasing with ISTRF in any other state or federal retirement system. I acknowledge that any false or inaccurate information I provided on this form will jeopardize the tax treatment of my benefits and could violate certain provisions of the Internal Revenue Code.

SIGN AND  
DATE HERE

\_\_\_\_\_  
(Your signature)

\_\_\_\_\_  
(Date)

**Please return to:**  
**PURCHASE SERVICE CREDIT**  
**Indiana State Teachers' Retirement Fund**  
**150 West Market Street, Suite 300**  
**Indianapolis, Indiana 46204-2809**